

**MELROSE AREA DEVELOPMENT AUTHORITY
CITY OF MELROSE
STEARNS COUNTY
STATE OF MINNESOTA
BUSINESS SUBSIDY CRITERIA POLICY
FOR GRANTING SUBSIDIES UNDER THE JOBZ PROGRAM
MAY 24, 2004**

SECTION 1. PURPOSE AND AUTHORITY

1.1 The City of Melrose has received approval from the Minnesota Department of Employment and Economic Development for designation and participation in the State's Job Opportunity Building Zone Program.

1.2 The purpose of this document is to establish the criteria for the Melrose Area Development Authority, ("MADA" or "Grantor"), the economic development authority for the City of Melrose, Minnesota, for the granting of business subsidies for private development under the JOBZ Program. The criteria shall be used as a guide in the processing and reviewing of applications requesting business subsidies under the JOBZ Program.

1.3 MADA's ability to grant business subsidies under the JOBZ Program is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995 (the "Business Subsidy Law").

1.4 Any benefit or incentive provided pursuant to Minnesota Statutes 469.310 through 469.320 (the "JOBZ Law") shall be deemed a business subsidy for purposes of the Business Subsidy Law and this policy.

1.5 These criteria are to be used in conjunction with other relevant policies of MADA and the City.

1.6 MADA may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Employment and Economic Development with the next annual report.

1.7 MADA may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Business Subsidy Law.

SECTION 2. PUBLIC PURPOSE REQUIREMENT

2.1 All business subsidies must meet a public purpose.

2.2 The creation of jobs is a public purpose for granting a subsidy. Creation of at least 1 FTE job is a minimum requirement for consideration for inclusion in the JOBZ Program.

2.3 The living wage floor for wages and health benefits to be paid for the jobs created shall be 110% of the most current national Poverty Guideline for a family of four, as established in the Federal Register by the US Department of Health and Human Services. MADA will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

2.4 Enhancing economic growth and stabilizing the community are also public purposes for granting a subsidy. Factors that MADA may consider in trying to determine/evaluate overall economic benefit of a specific project to the community include:

- (a) Estimate of total job creation/job retention
- (b) Estimate of total capital investment
- (c) Estimated market value increase
- (d) Potential economic multiplier (e.g. impact/opportunity to increase sales of other businesses within the community)
- (e) Ratio of jobs created/retained: estimated subsidy provided
- (f) Ratio of subsidy provided: private investment leverage
- (g) Estimated annual benefit to be derived by the business seeking assistance based on real estate tax savings, sales tax savings, and state income tax savings.

SECTION 3. BUSINESS SUBSIDY APPROVAL CRITERIA

3.1 All new projects approved by MADA should meet the following minimum approval criteria. **Meeting these criteria does not guarantee approval for the project and creates no contractual rights on the part of any potential developer.**

3.2 To be eligible to receive a business subsidy, the recipient must meet the following minimum requirements:

- (a) The subsidy must achieve a public purpose.
- (b) The project must comply with the comprehensive plan and zoning ordinances, or required changes to the plan and ordinances must be under active consideration by the City at the time of approval.
- (c) The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- (d) The recipient shall provide information describing the proposed project and demonstrating that granting the subsidy is necessary for the proposed development to occur.

(e) Prior to approval of a business subsidy, the developer shall provide any required market and financial feasibility studies, appraisals, soil borings, information provided to private lenders for the project, and other information or data that MADA or its financial consultants may require in order to proceed with an independent underwriting of the project to help ensure that the request for assistance is in the public interest.

(f) Any developer requesting a business subsidy should be able to demonstrate capability in the type and size of development proposed.

(g) The recipient shall complete or assist MADA and/or the City in completing any forms required by the State under the JOBZ Program in advance of granting a JOBZ subsidy and on an ongoing basis throughout the term of the subsidy.

3.3 If the recipient's business is relocating from another Minnesota location, the recipient shall enter into a relocation agreement with the State.

3.4 The recipient shall enter into an agreement committing to meet the requirements of these criteria, the Business Subsidy Law, the development plan for the Job Opportunity Building Zone, and the JOBZ Law.

3.5 The recipient shall enter into an agreement committing to create the jobs required by Section 2.2, above, and creating any additional jobs or making any capital investment required under the JOBZ Law.

3.6 The recipient shall be responsible for submitting appropriate forms to the Department of Revenue to claim appropriate tax exemptions.

3.7 The recipient must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy, if necessary.

3.8 MADA may require that the recipient agree to and commit to pay administrative costs for initial review and participation in the program as well as annual fees for monitoring and reporting as required by statute. The amount of these fees will be determined based upon the complexity of the project and corresponding requirements for administrative services.

3.9 If the JOBZ benefits are to be provided, the City shall conduct a public hearing and may authorize execution of a binding development agreement with the business.

Adopted by: the Melrose Area Development Authority, Melrose, Minnesota

Date of public hearing: May 24, 2004

Date of adoption: May 24, 2004

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA POLICY
FOR GRANTING SUBSIDIES UNDER THE JOBZ PROGRAM**

**MELROSE AREA DEVELOPMENT AUTHORITY
CITY OF MELROSE
STEARNS COUNTY
STATE OF MINNESOTA**

WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 ("Statutes") require the adoption of criteria for the granting of business subsidies as defined in Statutes; and

WHEREAS, the Melrose Area Development Authority, the economic development authority for the City of Melrose, Minnesota, has determined that it is necessary and appropriate to adopt for itself pursuant to Statutes a business subsidy policy and criteria for granting subsidies under the JOBZ Program and Minnesota Statutes, Sections 469.310 through 469.320; and

WHEREAS, the Melrose Area Development Authority has performed all actions required by law to be performed prior to the adoption and approval of the proposed Business Subsidy Criteria Policy For Granting Subsidies Under the JOBZ Program including the holding of a public hearing on May 24, 2004 upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Melrose Area Development Authority, Melrose, Minnesota, that the Business Subsidy Criteria Policy For Granting Subsidies Under the JOBZ Program is approved, ratified, established, and adopted and shall be placed on file at the Office of the City Administrator.

Adopted by the Melrose Area Development Authority this 24th day of May 2004


RICHARD HORN, PRESIDENT

ATTEST: 
DEAN MOHS – SECRETARY